

99th Congress

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24 January 1985

MEMORANDUM FOR: See Distribution

VIA: Chief, Liaison Division, OLL

FROM:
Liaison Division, OLL

SUBJECT: House 1985 Legislative Agenda

Supplemental Retirement Plan

1. The House is far behind the Senate in designing a supplemental retirement plan for Federal employees hired after 1 January 1984. In fact, House staffers continue to stress that this is a highly complex and controversial subject and that it is sheer speculation whether the 1 January 1986 target date for implementing a new plan will be met. House staffers expect to receive a Senate-passed plan (Stevens) long before they are ready to take it up on the floor.
2. In the event Congress does not approve a supplemental plan in CY 1985, it has two ways to go: extend the current temporary formula, or have the new employees pay the full percentages into both Civil Service and Social Security.
3. Representative Ford's Post Office and Civil Service Committee will retain responsibility for drafting the legislation, and the Committee has a long way to go. Details, such as what to do about groups that now have special early out provisions, have not been discussed. It is speculated that in late March the Committee will begin a series of hearings for various employee groups to state preferences on such issues as retirement age accrual rate and survivor/death benefits. Only after these hearings will the Committee finalize and introduce legislation.
4. Despite changes in membership, this Committee is expected to retain a pro-Federal employee posture. Members will tend to view retirement as a bi-partisan issue, and to seek legislation that is in the best interest of Federal employees. Chairman Ford plans to introduce his own bill, but if he determines that the Stevens measure is viable and attractive, his ego will not stand in the way of supporting a Senate-passed bill.

5. House staffers do not anticipate that the Administration will have introduced a plan for the supplemental retirement; rather, it is expected that OPM will attempt to negotiate modifications to the Stevens package which will likely be introduced in February, and passed by Senate before Fall.

Changes to Current Civil Service System

6. The House Post Office/Civil Service Committee is not considering and will not introduce legislation to change the existing Civil Service System. Moreover, this Committee blocked Administration efforts to cut benefits during the last three years. Key staffers who work on Civil Service issues on three House committees (Post Office/Civil Service; Appropriations; Budget) report that there will be strong House opposition to all Administration proposals to cut Civil Service benefits. However, if tied up in a forced budget reconciliation, the House might approve a change in the benefit calculation (high-3 to high-5) and in the Cost of Living Adjustment (COLA): One year freeze on January 1986 COLA. Thereafter, COLA would be lesser of change in CPI or GS pay increase. That "reference amount" would be applied to the first \$10,000 of pension income. Amounts above \$10,000 would be adjusted by 55% of the reference amount. \$10K base indexed to CPI each year.

7. House staffers predict that there will be no changes in retirement age, benefit eligibility, contributions or in survivor benefits. Staffers also caution that when legislation moves to the floor, anything can happen.

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